

Nine-month interim report 2018/2019:

Sectra is growing — #1 in customer satisfaction for the sixth consecutive year

Presentation March 6, 2019

Torbjörn Kronander, CEO and President Sectra AB

Mats Franzén, CFO Sectra AB

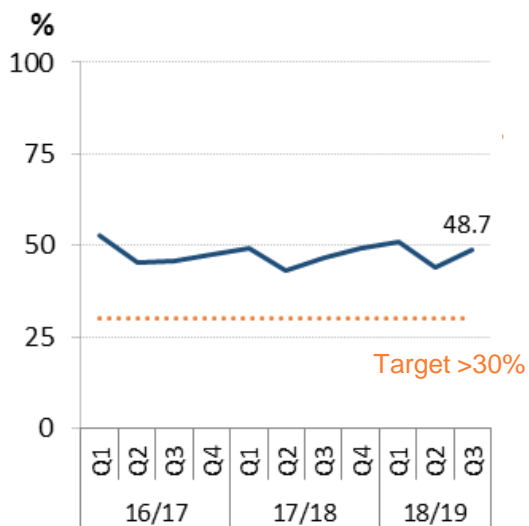
Highlights from Q3

Torbjörn Kronander, CEO and President

All financial targets for the Group fulfilled

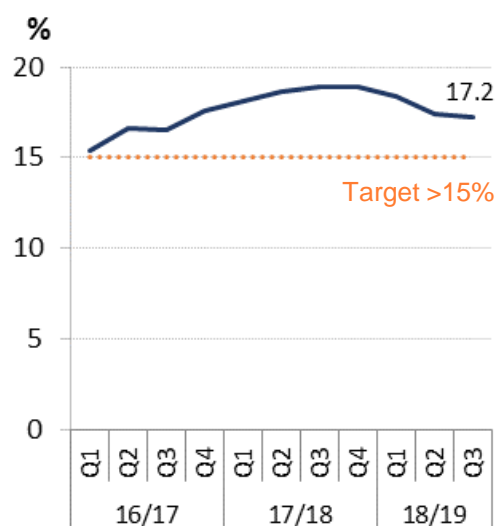
1. Stability

Equity/Assets ratio,



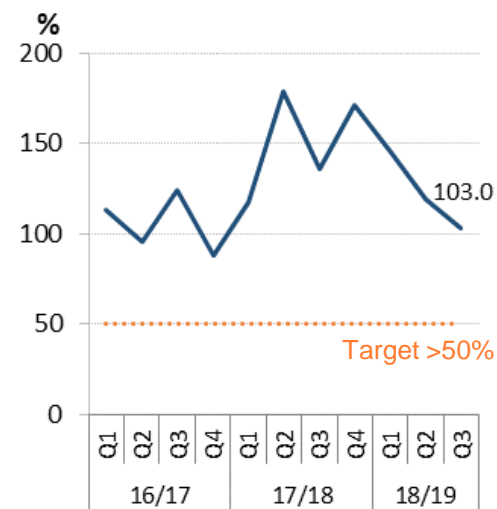
2. Profitability

Operating margin



3. Growth

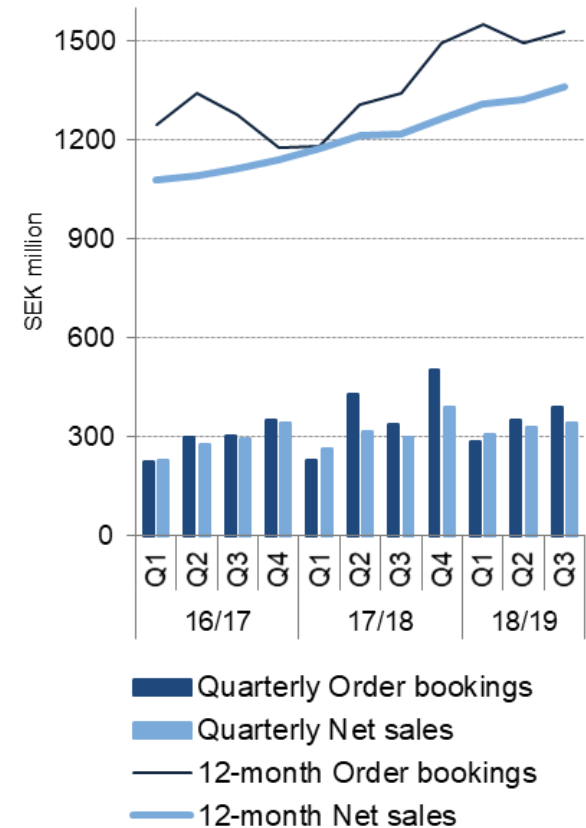
EBIT/share growth over a 5-year period



Priority

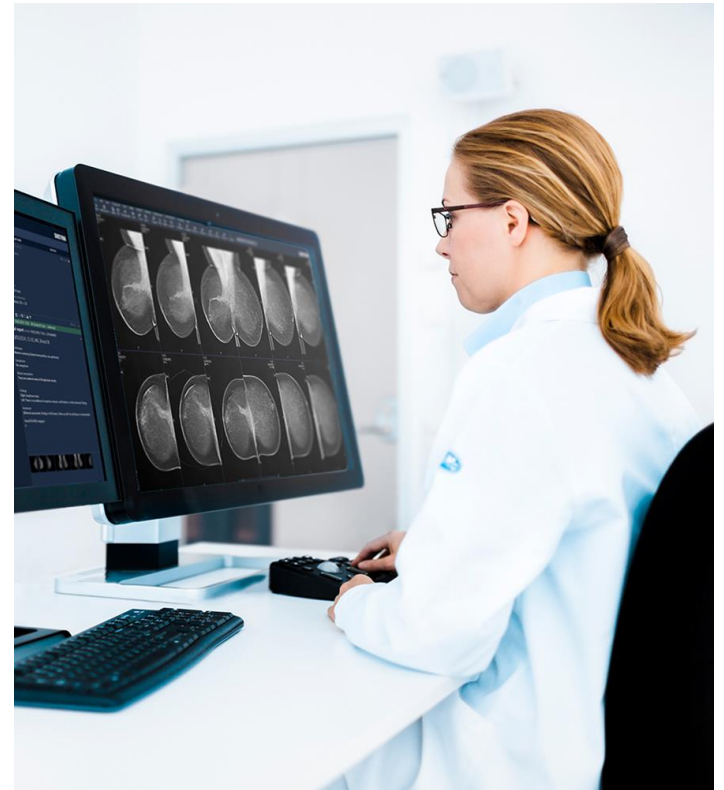
Order bookings for the Group

- Imaging IT Solutions in **Germany** and the **UK** reported largest increases
- Substantial variation between quarters



Imaging IT Solutions

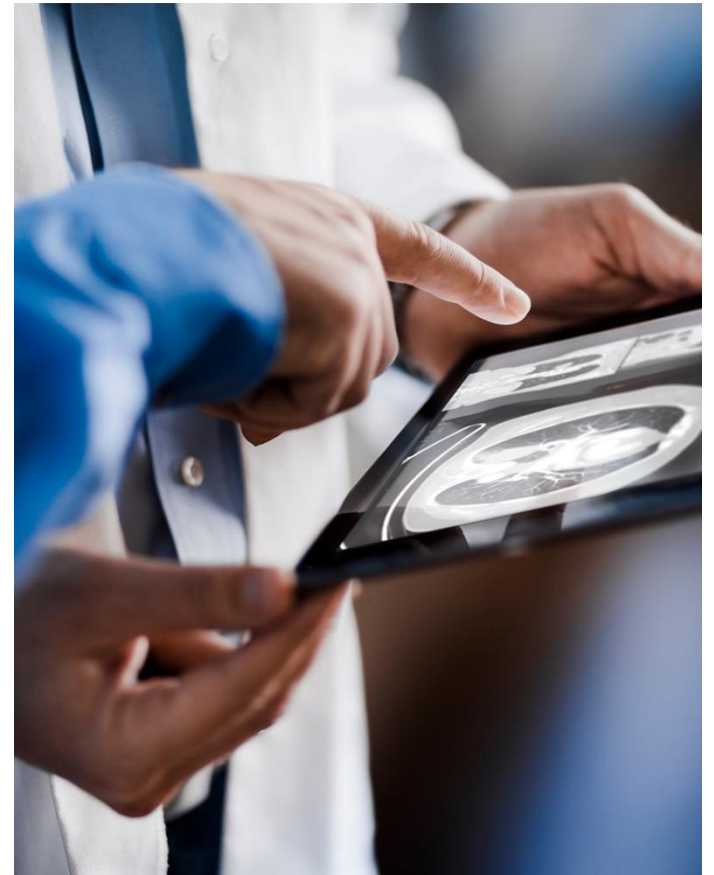
US-based **Charlotte Radiology**, North Carolina, has ordered Sectra's breast imaging solution for its 15 breast centers.



SECTRA

Imaging IT Solutions

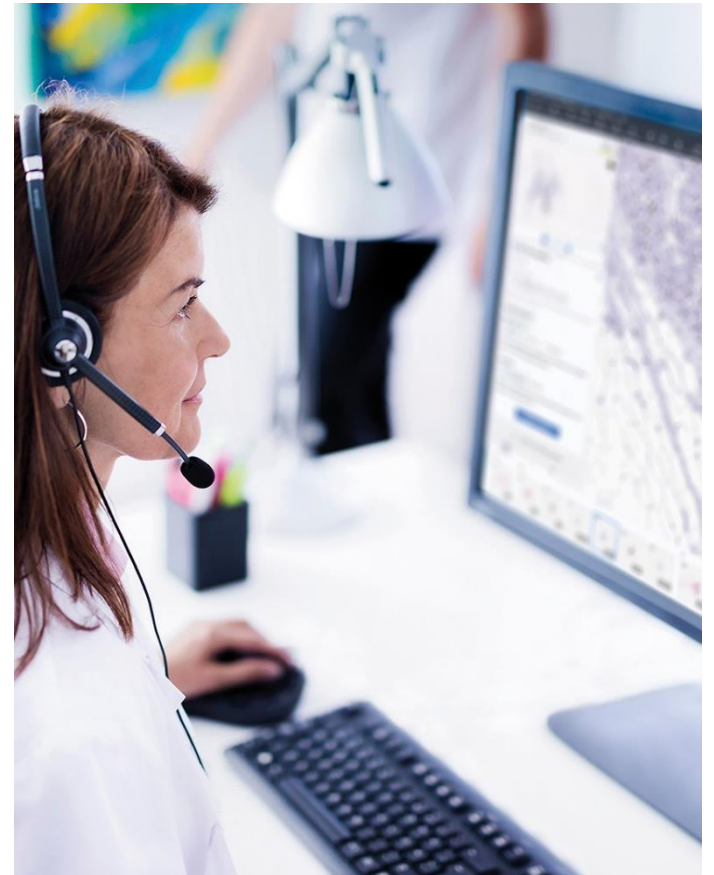
Northern Pathology Imaging Co-Operative — British [research project](#) in the field of [cancer diagnosis](#) — to use Sectra's vendor neutral AI platform.



SECTRA

Imaging IT Solutions

South Korean distribution
agreement for **digital pathology**
signed with HuminTec



Local and global presence

- Direct sales in 19 countries
 - France (medical) and Finland (security) established 2015/2016,
 - Canada (medical) 2016/2017
- Partner sales in select markets and business units
- Customers in > 60 countries
- Sectra's largest markets are:
 - Scandinavia
 - USA
 - UK
 - Netherlands



#1 in customer satisfaction – 6 years straight

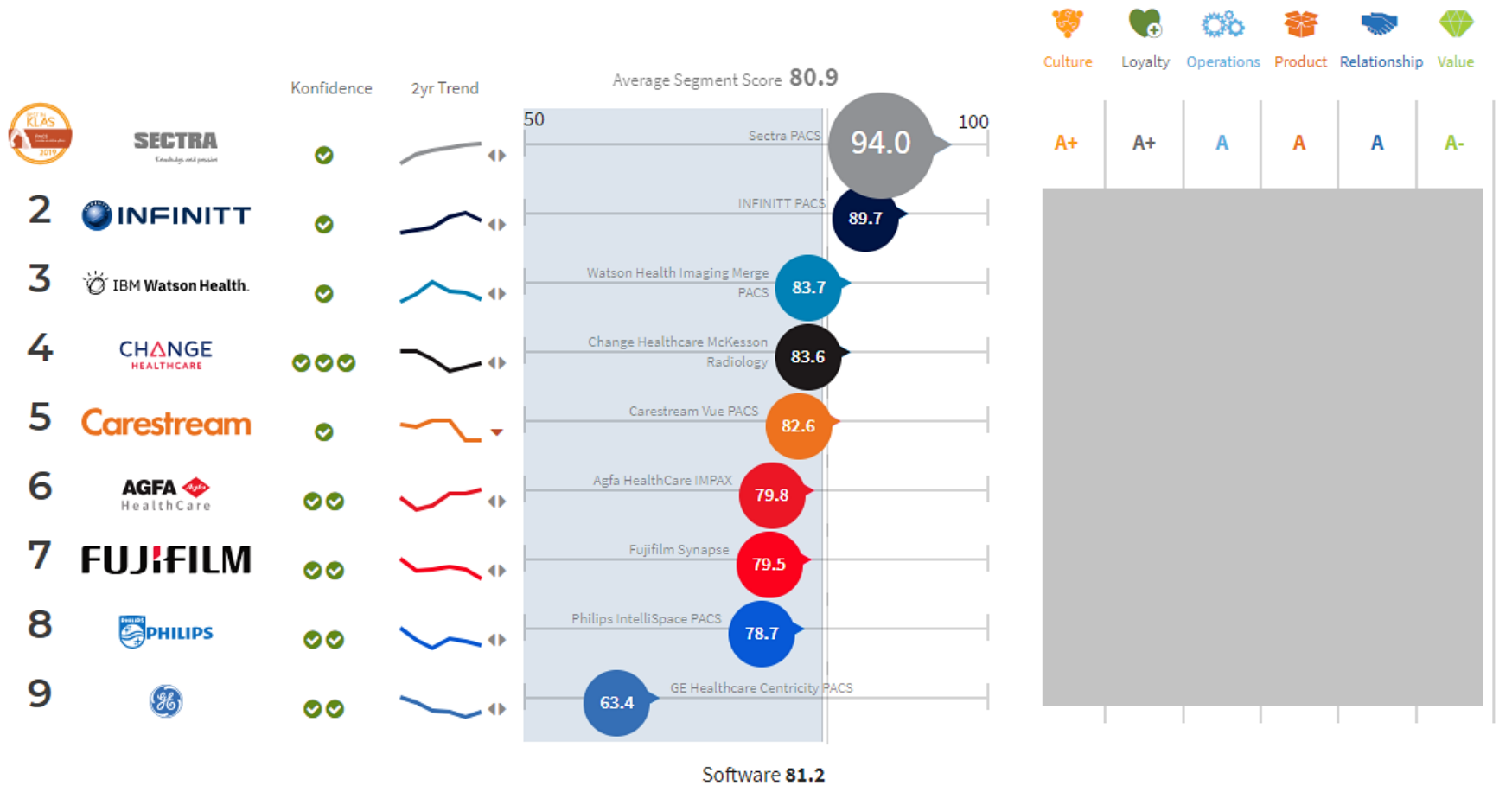


Why does Sectra win Best in KLAS?

- The stability and usability of Sectra PACS—“high availability”
- The quality of implementation and training
- Effective integrations with EMRs and other systems
- Proactive service organization
- Our employees and our culture

Sectra's KLAS 2019 scores; US

How do vendor solutions **compare?**



(A+ = 95.0+, A = 91.0–94.9, A– = 88.0–90.9)

SECTRA

What is KLAS?



- A healthcare research firm
- Gathers data on software, services, medical equipment, and infrastructure systems to deliver timely reports, trends, and statistical overviews
- Every year, the top performers in each category (e.g. PACS) are announced as “Best in KLAS”

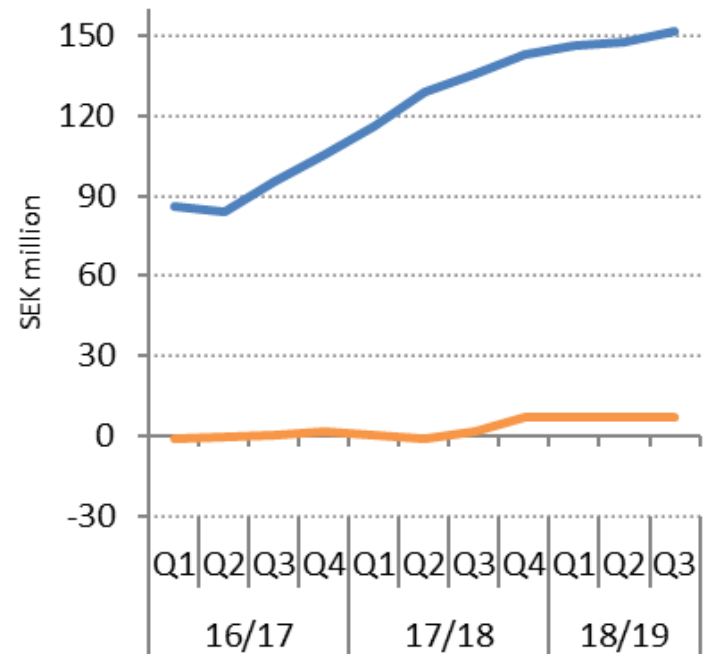


Secure Communications

Trend

- Largest increase within the secure communications product segment
- Growth in critical infrastructure services sales
- Growth initiatives:
 - Critical infrastructure product area
 - Mobile secure ecosystems
 - New geographic areas

Sales and operating profit
Business line Secure Communications



Critical infrastructure @ Sectra

- Substantial interest, but by its nature a slow market
- Several customers now fully operational
- New legislation may drive demand

Growth strategy:

- Focus on the energy sector
- Expand into new geographic markets based on solid references in Sweden



IT security solutions for the energy sector—a fast-growing market.

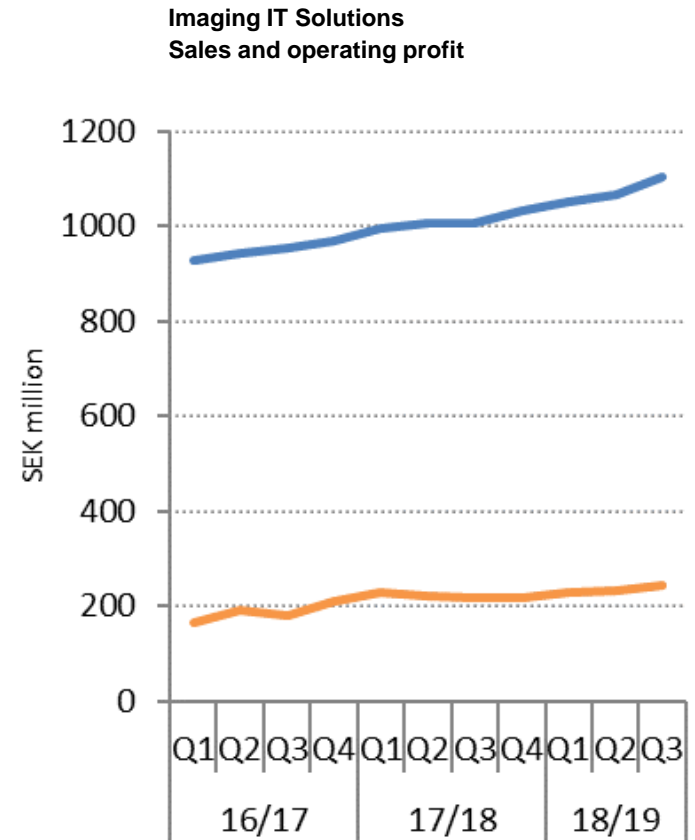


Imaging IT Solutions

SECTRA

Trend

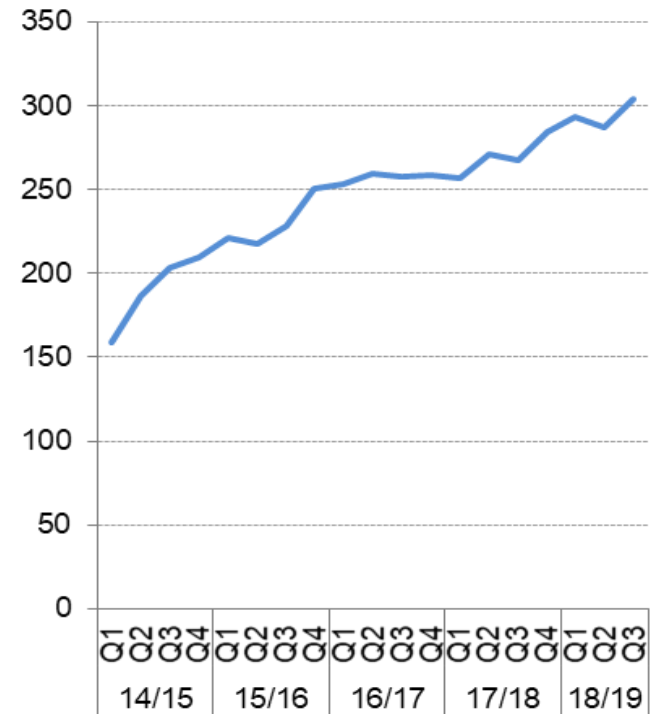
- Continued trust & extended agreements with existing customers
- Example of growth initiatives:
 - Focus US
 - Digital pathology & Integrated diagnostics
 - Cardiology
 - Direct sales in new markets
 - New distribution partners



Imaging IT Solutions in the US

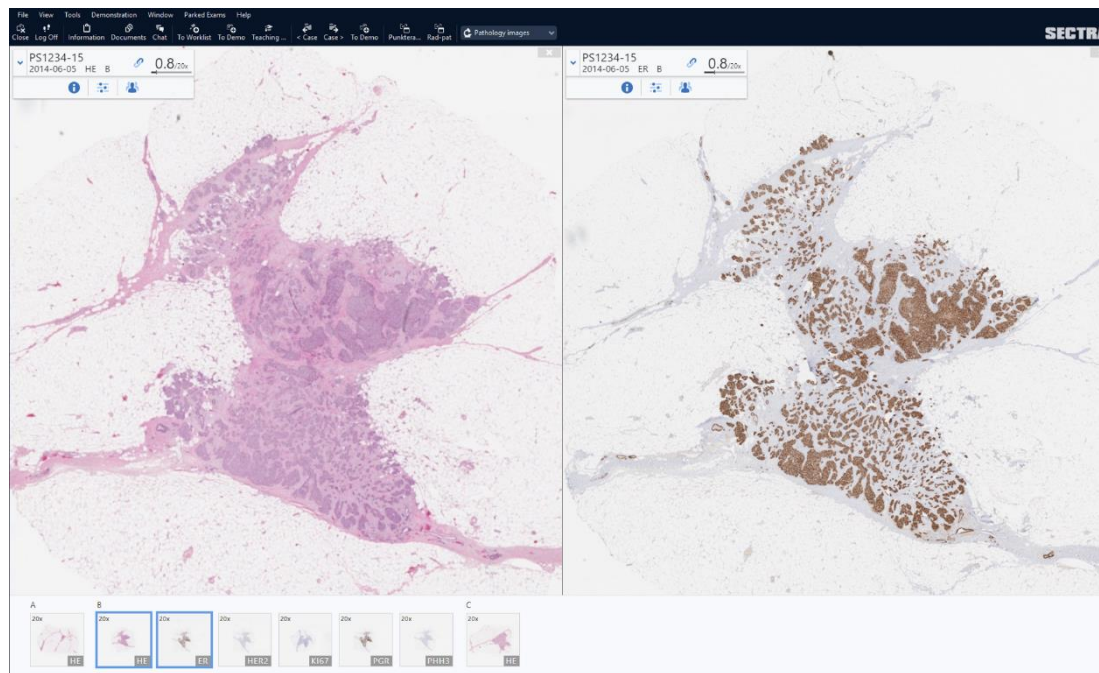
- Special focus area
- Opportunity:
 - The world's largest market
 - Sectra tops customer satisfaction
 - Small (growing) market share
- Recent orders from well respected customers strengthen Sectra's market position

Revenue trend in the US market,
SEK million



Digital pathology @ Sectra

Digital pathology: The next wave in digitization of hospitals.



Digital pathology @ Sectra

Status

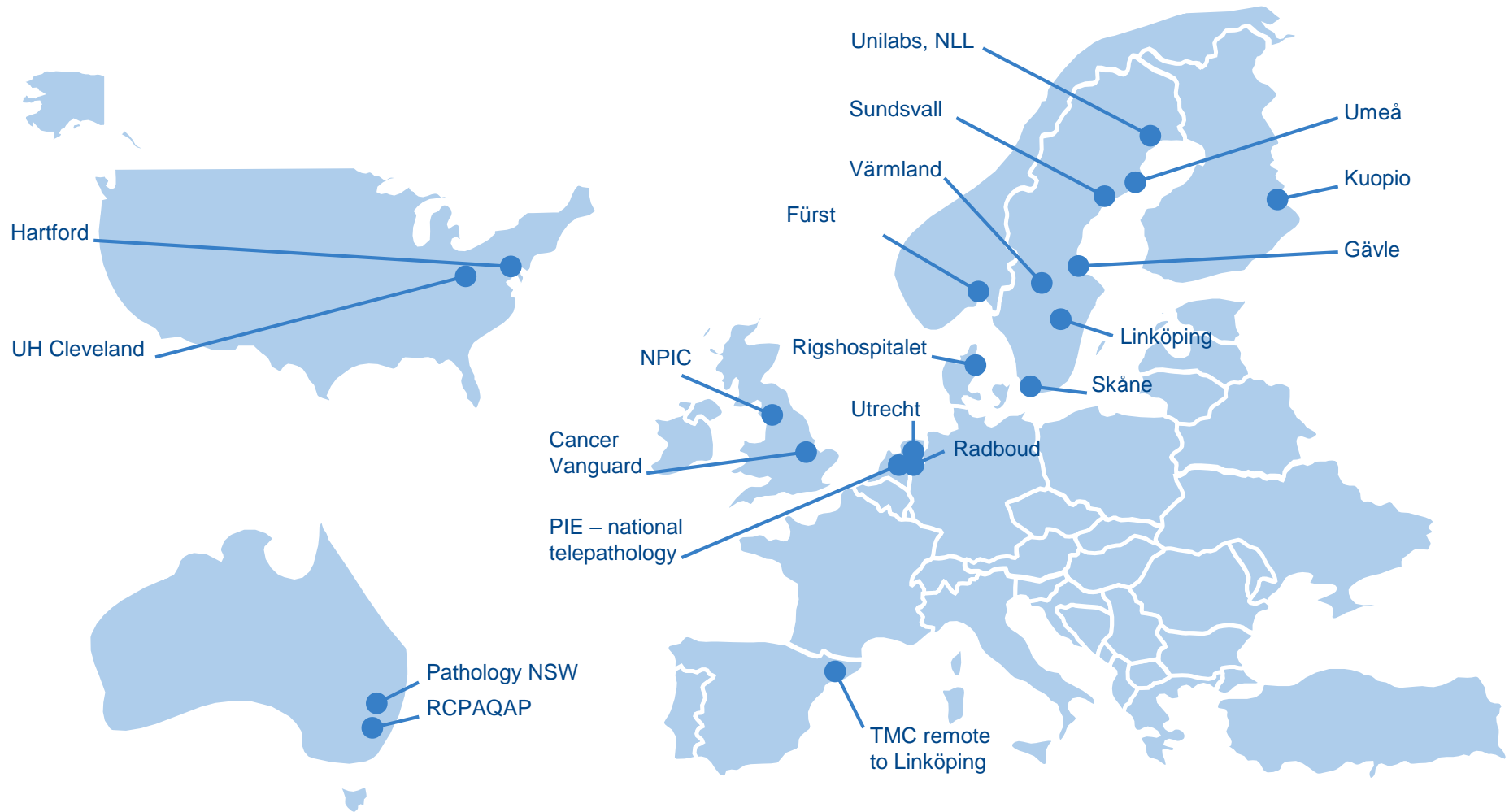
- Rapid growth
- Large synergies with Radiology
- Sweden is world leading in digital pathology penetration
- Sectra has dominant market share in Sweden
- Nationwide telepathology solution in the Netherlands
- Increasing sales in the UK

Growth strategy

- One system for Pathology, Radiology and Cardiology Imaging
- Integrated diagnostics
- FDA submission as soon as possible (must wait for approved scanner)

References

Digital Pathology @ Sectra





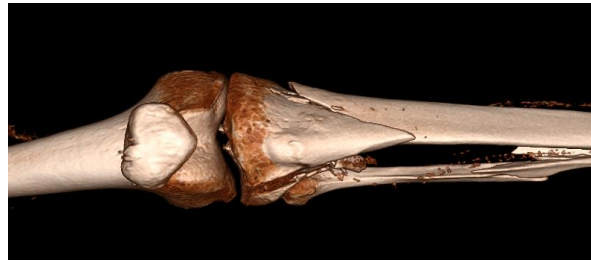
Business Innovation

Future growth projects

Business Innovation



Medical education



Software tools for
orthopedic surgery



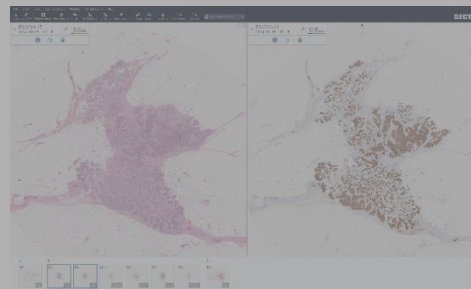
Research

Secure Communications



IT security for
critical infrastructure

Imaging IT

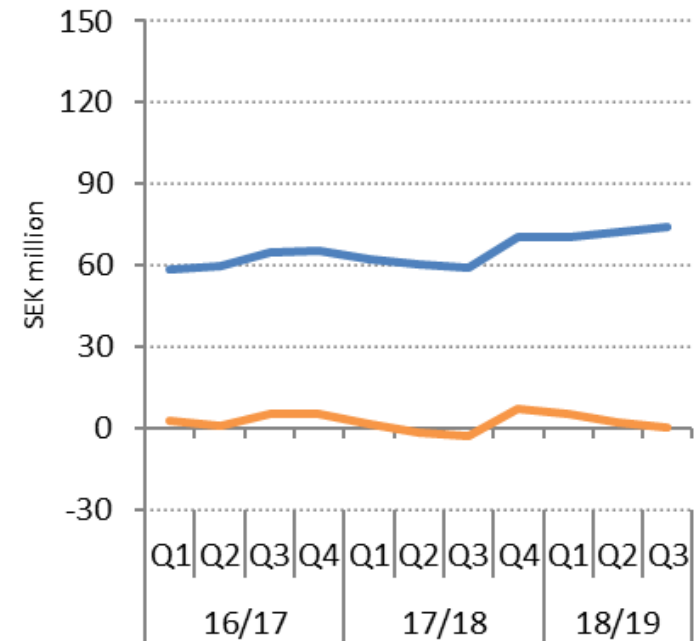


Digital pathology

Trend

- New areas within orthopaedics:
 - IMA: Sectra Implant Movement Analysis (Post OP)
 - CTMA: Computer Tomography Micro motion Analysis (For clinical research & studies)
- Medical Education transition:
 - From device delivery to a service including cloud-based content subscriptions
- Research
 - Large focus on AI for medical applications

Business Innovation
Sales and operating earnings



AI/Machine learning

- Increase the efficiency of physicians' daily work, not replacing them
- An “app-store” of AI applications in Sectra's solution for managing medical images
- AI will permeate most business units in the future

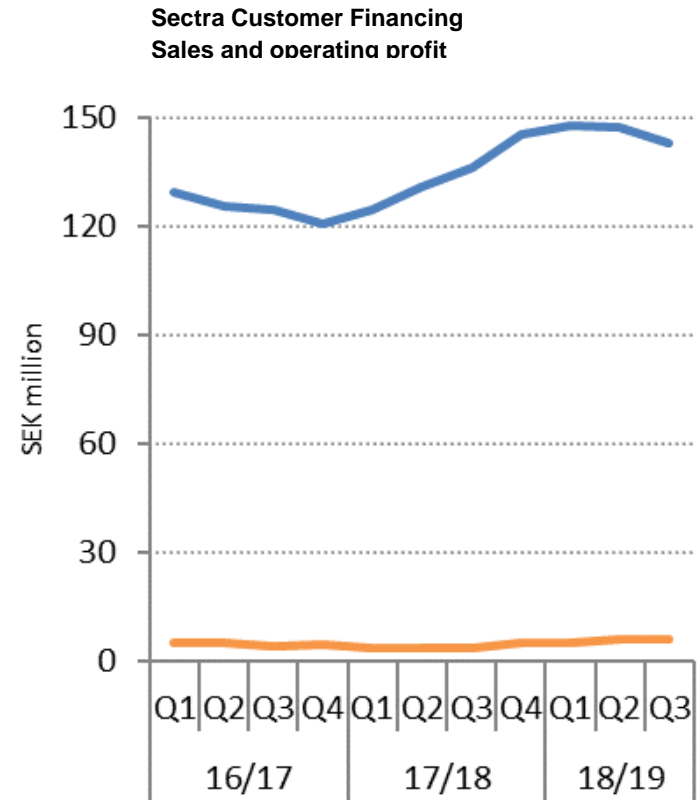




Customer Financing

Trend

- Main income from multiyear contracts in the UK
- Significant exposure to the GBP



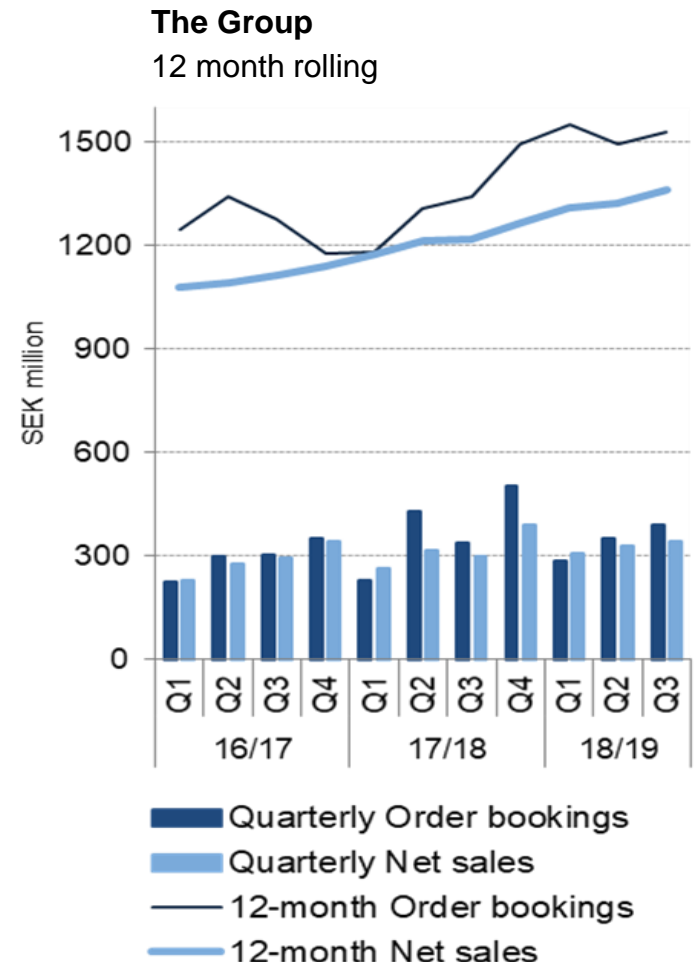
Financial figures

Mats Franzén, CFO

Order bookings and net sales trend

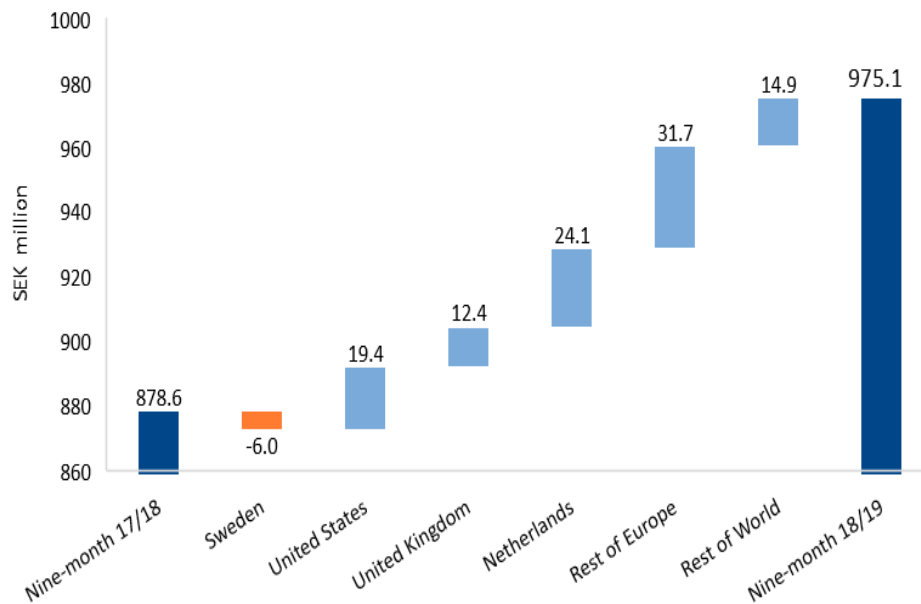
- Order intake +3.6%
- Net sales +11.0%
 - Adjusted for currency fluctuations up 6.1%
- Weaker SEK
 - USD 8.7 %
 - EUR 6.9 %
 - GBP 6.4 %

Changes compared with the corresponding period previous fiscal year.



Sales trend by geographic market

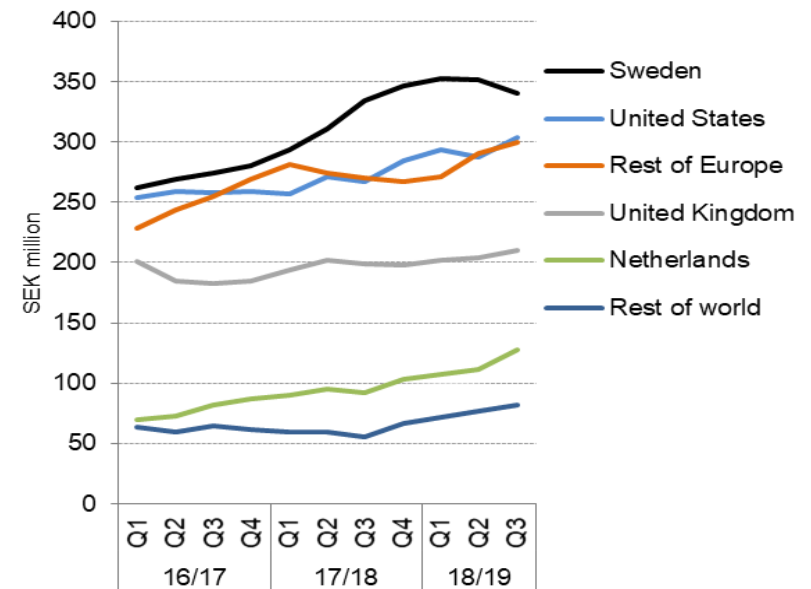
By geographic market



Changes compared with the corresponding period previous fiscal year.

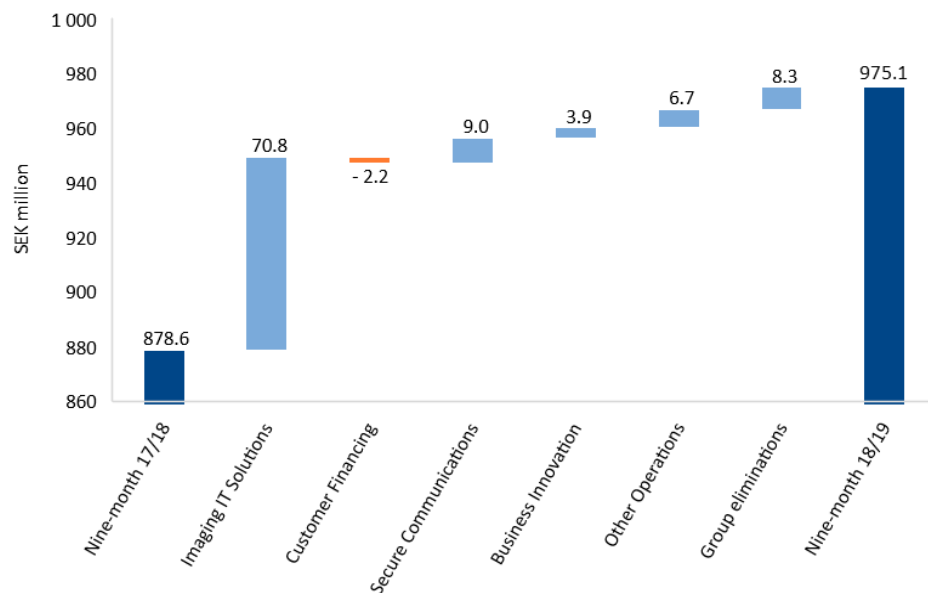
Trend

12 month rolling



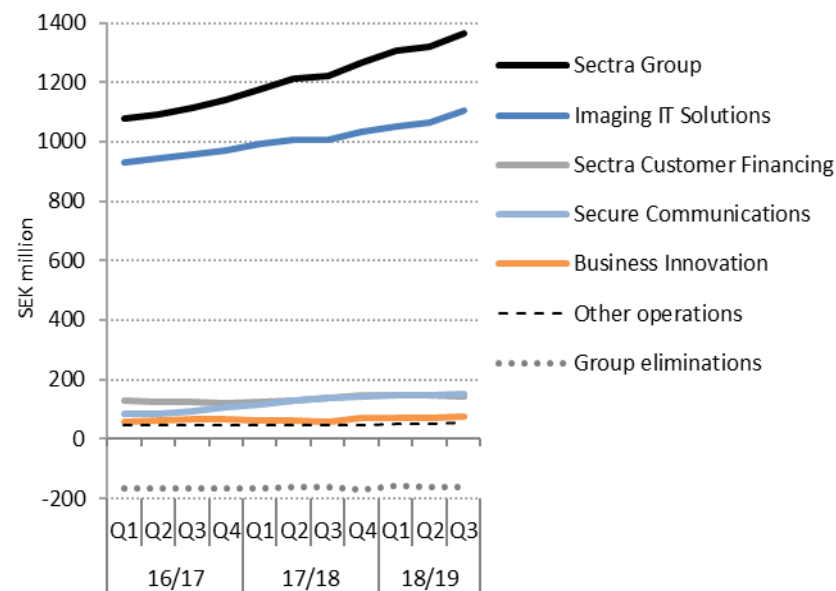
Sales trend by business segment

By business segment



Trend

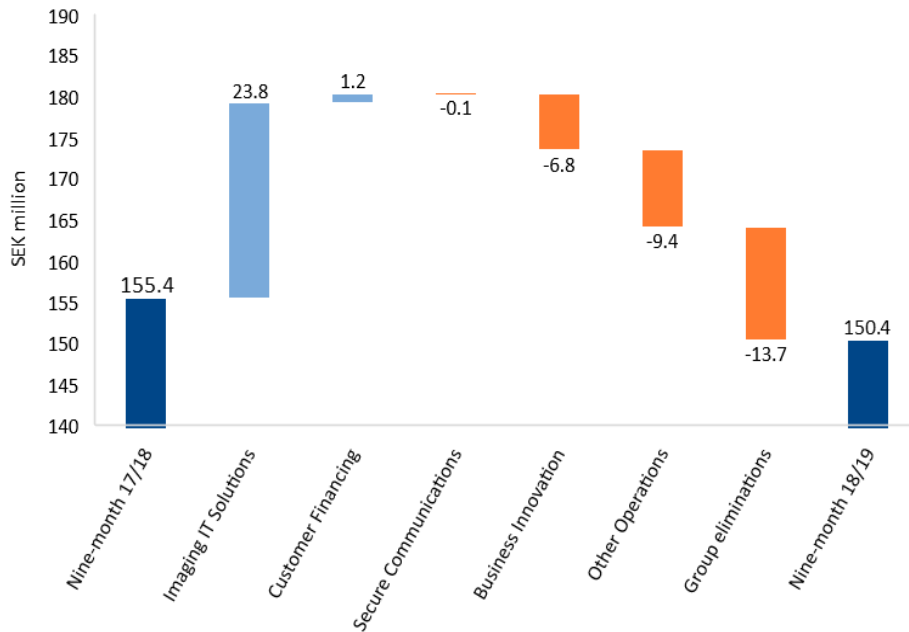
12 month rolling



Changes compared with the corresponding period previous fiscal year.

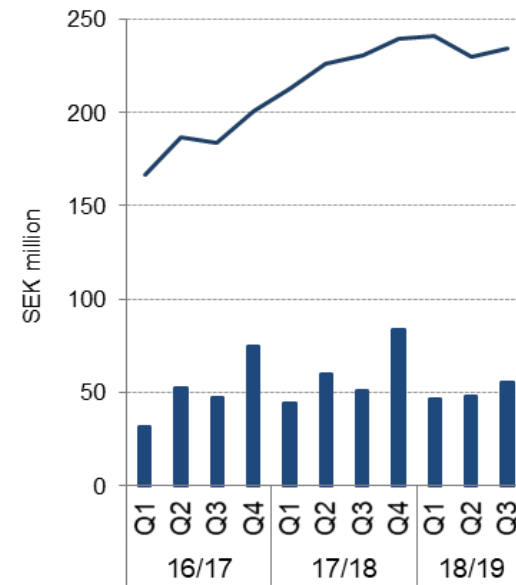
Operating earnings trend

By segment



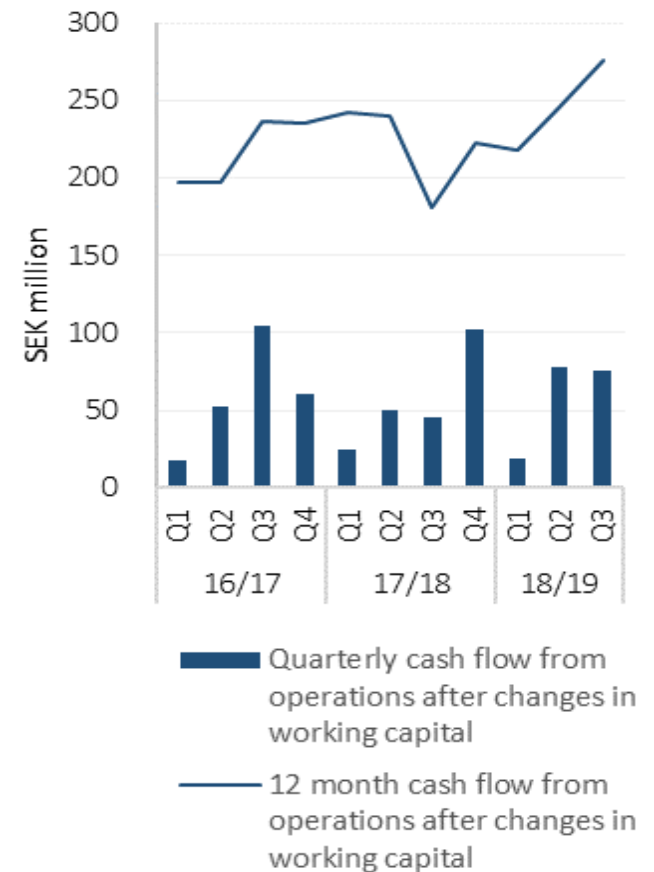
Changes compared with the corresponding period previous fiscal year.

Trend for the Group 12 month rolling



Cash flow

- Several comprehensive, long contracts signed – will tie up considerable capital during the installation phase
- Long-term, the contracts will contribute to a solid future

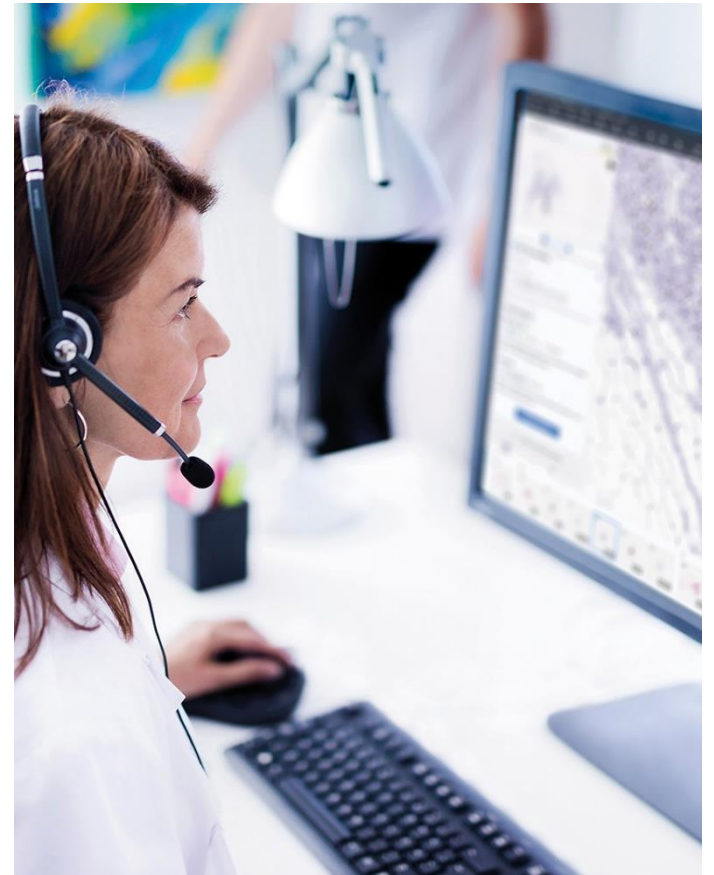


Highlights after the period

Torbjörn Kronander, CEO and President

Imaging IT Solutions

- Order for digital pathology:
 - » Radboud University Medical Center, Netherlands



Sectra's way forward

Torbjörn Kronander, CEO and President



Everything is the
same...

#1 in customer satisfaction – 6 years straight





Profit in business comes from repeat customers,
customers that boast about your project or service,
and that bring friends with them.

(W. Edwards Deming)

izquotes.com

SECTRA

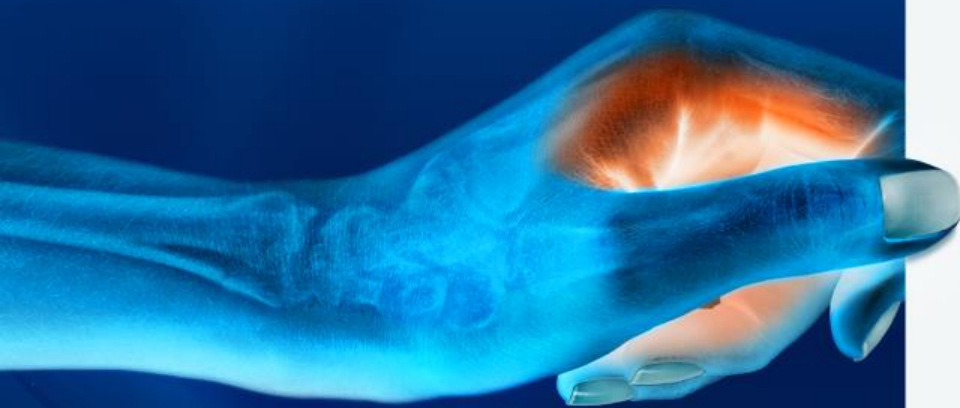
Knowledge and passion

Philosophy - Shareholders

If you have

- Happy customers
- Happy employees
- Perseverance and reasonable cost control
- A good vision going forward
- Then shareholders WILL be happy





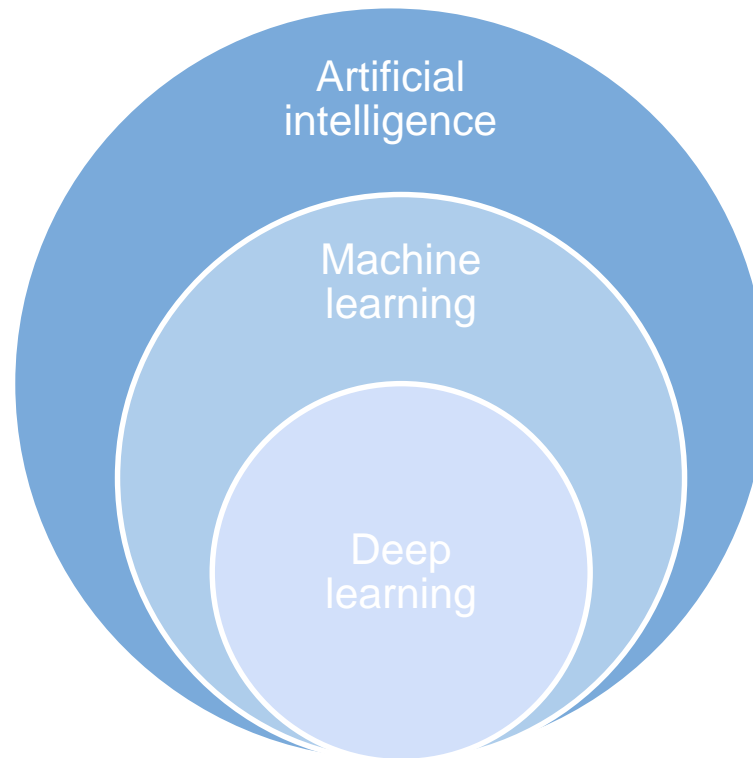
...and everything
is different

Quantum computers



- Will turn the security world upside down
- All of Internet security and certificate-security at risk
- Nobody knows if, or when, they will be for real
- Perhaps they already exist?

AI landscape



Healthcare and cybersecurity are in rapid change



"Where there is change, There is margin"

Being a shareholder in Sectra

Why Sectra?

- High customer satisfaction
- A strong brand in markets where trust is critical
- Profitable, strong cash flow, and a solid balance sheet
- Substantial and increasing recurring revenue
- Positioned in niche markets with substantial underlying growth
- Management owns shares
- Sustainable investments in R&D with exciting future opportunities



Upcoming financial report, CMD & AGM

- May 28, 2019: Year-end report
- September 5, 2019: Annual General Meeting

Your feedback is important!

Please let us know what you think at

www.sectra.com/irsurvey

Questions?

If you follow online, please use the email button.

SECTRA

Knowledge and passion

Torbjörn Kronander, CEO and President

Mats Franzen, CFO

Sectra AB

Ph +46 13 23 52 00

info.investor@sectra.se